

Report on visit to

ADDIS ABABA 14 - 19 February 1983

I. General Background

In my first approach, I tried to get authoritative information on tobacco policy on a continent-wide basis, through both ECA and OAU. In both instances, this proved abortive, as OAU seemed heavily preoccupied with their own political future, and no-one appeared to be considering even general agricultural questions on a regional basis. ECA stated that they did not treat tobacco on a regional basis but rather regarded it as one of a number of crops within each country. They referred me to GATT in Geneva, and to UNCTAD as possible sources of continent-wide policies and information.

I, therefore, concentrated my efforts on establishing the situation within Ethiopia, and this produced a relatively clear picture, as outlined below.

II. Tobacco Industry in the Country

All matters concerning tobacco, whether cultivation, preparation, sales or importation, are handled by the NATIONAL MATCHES AND TOBACCO CORPORATION. This body, which is under the control of the Ministry of Industry, and the Ministry of State Farms, replaced, after the Revolution, the MATCHES AND TOBACCO MONOPOLY, which was established some 25 years ago, with B.A.T. being the prime founders.

The Corporation produces three grades of local cigarettes, the first of pure Virginia (Nyala) at 63 US Cents, the second, which is a mixture of Virginia and Oriental (Bourez) at 49 Cents, and the third, which is the

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most popular, made entirely of Oriental tobacco (Gisila) at 35 Cents. They can produce all the Oriental tobacco they require by farming it out to local farmers, but are only able to produce two thirds of their annual needs of Virginia (1,000 tons), being obliged to import a further 500 tons from Zimbabwe.

While it costs them US\$ 2.44 a kilo to produce Virginia, they can import from Zimbabwe at \$ 3.40 per kilo. Import duty on tobacco is \$ 11.70 per kilo.

Virginian tobacco is grown mainly on two State Farms, one at Robi, 225 kilometres North of Addis, and the second at Bilatte, South of Addis. This second location had proved a failure. Expecting to grow 1,000,000 tons (sic) it was, in fact producing 200 tons, owing to the presence of hot springs, which meant it could only be cultivated during the rainy season, and also the presence of salt in the soil. There was a third location, at a Government farm in Apawash Valley, but this was not run by the Corporation.

In the view of the Corporation, there was adequate potential land to increase production to the point of exportation. However, this would require capital, expertise and governmental interest, none of which was presently forthcoming. Attention was concentrated on other cash crops such as cotton and citrus.

The Corporation had enjoyed the services, firstly; of a Bulgarian technician, but he had left suddenly for Canada. He had been followed by a Yugoslav, who had tried hard, but was not properly a cigarette technologist. He had also left. From the technical point of view they were desperately in need of a qualified cigarette technologist.

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III. Advertising

The National Corporation is not allowed to advertise, but this means nothing as they can sell all they produce without difficulty. Foreign cigarettes are freely advertised at the groundroots level (signs on shops, umbrellas in hotels, Tee-shirts, ashtrays and give-aways in the market). There is no advertising of any sort in the English language press, and little in the local press. The explanation for this was given to me by the Minister of Labour and Social Affairs and it was that, as only 1 per cent of the people in the country are literate, advertising in the press does not reach enough people to be justifiable. I am not sure this fully explains the lack. So far as the local market is concerned the explanation probably lies in the shortage of sufficient supplies, plus some pressure from the Ministry of Health. There is a Black and White T.V. programme which carries adverts. There do not appear to have been any tobacco adverts on T.V.; according to the Minister of Labour this would not appear to be a result of any restrictions by the Government. See the note on my talks with the Minister in IV below. There would appear to be no formal objections to sponsorship of sports gatherings (or the like) but little has been done to date. (See V below).

IV. Points of Contact

The information above summarises my discussions, primarily, with three main sources:

- (i) H.E. Mr. Kaffa Kabadde, Minister of Labour & Social Affairs.
- (ii) Mr. Kebede Mengesha, Deputy General Manager of The NATIONAL MATCHES & TOBACCO CORPORATION.
- (iii) Mr. Barry Thorne, Commercial Secretary of the British Embassy.

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Following the receipt of the technical information given in the above paragraphs, from Mr. Mengesha, and after taking advice from Mr. Thorne, I discussed things in detail with the Minister, who is an old acquaintance. He informed me that they had been under great pressure from W.H.O. during the worldwide campaign two years ago. The Minister of Health had then proposed a campaign to restrict smoking by "Agitation" rather than "Legislation" but the cabinet, over half of whom are heavy smokers, had rejected this on the grounds set out above - that few of the population are literate so that a press campaign would be non-productive. The cabinet had found itself confused by the conflicting reports as to the health hazard, however in this connection they had expressed their concern at the poor quality of the locally produced product which was poorly packed and contained inferior materials. This was, they felt, a most important matter as the Tobacco Industry was a most important source of revenue. While the 1% of the population who were literate and better-off generally smoked foreign cigarettes, the heavy tax on such cigarettes put them out of reach of the general population.

At this point, and having been given encouragement by Mr. Thorne, who had told me that the authorities were beginning to turn away from the Eastern Bloc, whose products had not proved satisfactory, and increasingly to look, once more, towards the West, particularly U.K. and U.S.A. (one of the main reasons being that English is the universal second language so that it is not necessary to translate instructions or to have interpreters), I took advantage of our previous contacts to open a discussion as to the possibilities that might exist, if the Tobacco Industry should be interested, for entering into the field of technical assistance. After a long conversation, during which he expressed to me, frankly, the contradictory pressures that the government was facing, he was most

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receptive towards the idea of the Tobacco Industry perhaps sending an expert to assist in improving the local product, perhaps to be followed by the training of a local technician in an English speaking country to follow up on the quality. He agreed to discuss the matter with his colleague, the Minister of Industry, who was directly responsible and was ready to follow up the matter towards a concrete solution during a forthcoming visit if the Tobacco Industry was interested.

There is no intention to send any delegates to Winnipeg. There will be delegates to the World Health Assembly but they would not be specialists.

V. List of Points of Contact

1. H.E. Mr. Kaffa Kbedde, Minister of Labour & Social Welfare.
2. Mr. Kebede Mengesha, Deputy General Manager, National Matches & Tobacco Corporation.
3. Mr. Barry Thorne, Commercial Secretary, British Embassy.
4. Mr. Kenneth King, Resident Representative, United Nations Development Programme.
5. Mr. Nicholas Bwakira, Regional Representative, United Nations High Commissioner for Refugees.
6. Mr. O. Guzral, F.A.O. Expert.
7. Mr. Funi Chemanian, Director of Administration & Finance, Organisation of African Unity.
8. Mr. Christian Achou, U.N.D.P. Liaison Officer to E.C.A. and O.A.U.

I also had casual contacts and received advice from the ambassadors of Canada, Sweden and Switzerland, and from the Charge d'affaires of Djibouti.

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